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IN THE

Supreme Court of the United States

OCTOBER TERM, 1958

No. 220

CHARLES K. HARRIS MUSIC PUBLISHING CO., INC.,
Petitioner,

against

EDWARD B. MARKS MUSIC CORPORATION,
Respondent.

BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI

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Opinions Below

The opinion of the United States Court of Appeals for the Second Circuit (Appendix I 3-10)[1] is reported in 255 F. 2d 518.

The opinion of the United States District Court for the Southern District of New York (Appendix I 1, 2) is unreported.

Jurisdiction

The judgment of the Court of Appeals was made and entered on May 16, 1958 (Appendix II).

The jurisdiction of this Court is invoked by petitioner under 28 U.S.C. Section 1254 (1).

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[1] Appendix references are to Appendices I and II of the petition.

Statute and Rule Involved

28 U.S.C. Section 2202 (former Section 400, 1940 ed.) Rule 54 (c) F.R.C.P.

Question Presented

Accurately stated the question is whether a defendant can assert as laches a delay in the prosecution of an action for declaratory judgment in which it has counterclaimed for the same relief as prayed for by plaintiff, defendant having jointly participated in the delay and no prejudice being shown, so as to estop plaintiff from recovering further relief by way of damages and profits based upon said declaratory judgment.

Statement of the Case

Both parties are music publishers. The action is for a declaratory judgment that plaintiff is the sole owner of the interest through one Joseph E. Howard, as writer, in the renewal copyrights in certain musical compositions; and as in such case provided, in the second paragraph of former Section 400, 28 U.S.C. 1940 ed. (in effect when this action was instituted),

> "That upon application therefor, plaintiff be granted such further relief based on said declaratory judgment as may be necessary or proper." (R 3a-18a)[2]

Defendant in its answer sought the same relief by counterclaim as prayed for by plaintiff (R 141a-148a).

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[2] Record references are to appendices in the Court of Appeals. Pages 1a-81a are in plaintiff's appendix. Pages 82a-135a are in defendant's appendix. Pages 136a-159a are in plaintiff's supplemental appendix.

Plaintiff's claim is under an agreement with said Joseph E. Howard, dated June 6, 1933, in which there is a specific assignment of the "renewal and/or extension" of the copyright in each of said musical compositions (R 91a-95a).

Defendant's purported claim is under an agreement between defendant's predecessor, dated December 2, 1916, in which the assignment is only of the original copyrights in said musical compositions, there being no mention of the renewal copyrights (R 89a).

This action was instituted on August 31, 1944. The five schedules annexed to the original complaint listed 154 compositions. Defendant's predecessor had previously asserted a claim to the renewal copyrights in said compositions under the 1916 agreement. Plaintiff thereupon instituted an action against defendant's predecessor (one Cora L. Harris) upon one of the compositions, "where the question at issue was the effect of the 1916 conveyance." That suit "was dropped only after defendant's predecessor withdrew her claim to the song under the conveyance, which would indicate that defendant's predecessor then believed that the 1916 conveyance did not pass the renewal rights" (Appendix I 8). While plaintiff states in its petition that the action was discontinued, it fails to mention that the discontinuance was predicated upon the concession of defendant's predecessor that she acquired no renewal rights under the 1916 agreement (p. 5).

Defendant's predecessor abided by her concession in the prior action. In 1943 defendant acquired the assets of the business theretofore conducted by her (R 156a, 157a). Thereafter, defendant represented and asserted that it had acquired such renewals from its predecessor and that plaintiff had no right thereto (R 11a). As this eventually seriously hampered and interfered with plaintiff in the exercising of its rights, on August 31, 1944 plaintiff was compelled to institute this second action, involving the same subject matter as the first action (R 1a, 31-18a).

On May 20, 1954, within a year prior to the trial on April 18, 1955, the parties entered into an extended and comprehensive Agreed Statement of Facts (R 148a-157a). Defendant, for the first time asserted a claim under the 1916 agreement to the copyright renewals of 48 additional compositions. It was therefore provided that the complaint should be amended to comprehend these additional renewals and that defendant should have leave to serve a separate answer thereto. Defendant likewise waived the claim, previously asserted by it, to a number of the renewals included in the original complaint (R 149a, 150a).

By entering into the Agreed Statement, (1) a separate action involving the 48 additional compositions was avoided, (2) 50 compositions were eliminated, (3) all of the original and renewal copyright data and the status, except for ownership, of the remaining 152 litigated compositions was stipulated, and (4) the trial was substantially curtailed (R 19a).

Between the time of the institution of this action and the time of entering into the Agreed Statement on May 20, 1954, there had been 14 adjournments of the trial and proceedings, of which 8 were upon mutual consent and 6 at the request of both parties (R 52a-66a).

There were 6 additional adjournments of the trial subsequent to the execution of the Agreed Statement. Of these 1 was by mutual consent, 2 were at the request of both parties, and the remaining 3 were at the sole request of defendant (R 67a-72a).

None of the adjournments, either before or after the execution of the Agreed Statement, were obtained at the sole instance or request of plaintiff. All of the applications for adjournment of the trial and pre-trial hearings, to which plaintiff was a party, were supported by an affidavit for good cause shown, and were found to be meritorious as evidenced by the approval of the District Court in each and every instance.

The District Court determined that, since the 1916 agreement upon which defendant's claim was predicated "is silent on the renewal period of copyright," there is no basis for the claim (R 20a-23a).

Upon the entry of judgment, plaintiff made an application "for such further relief based on said declaratory judgment as may be necessary or proper," and, to enable the Court to grant such relief, for the appointment of a master to take evidence, compute and ascertain and to report to the Court concerning the extent of any damages and profits to which plaintiff might be entitled (R 28a-41a).

The application for such "further relief based on said declaratory judgment" was made pursuant to 28 U.S.C. Section 2202 (p. 3 of petition), for which provision was made in compliance therewith for such purpose as follows:

(1) In the prayer for relief in the complaint (R 18a).

(2) In the Agreed Statement, wherein it was expressly stipulated and agreed, that "The prayer for relief of each of the parties is that said party be declared the sole owner and proprietor of such interest, that the other party be enjoined and restrained from claiming or exercising any rights thereunder or thereto, and for such further relief as may be necessary or proper" (R 39a).

The District Court denied plaintiff's said application upon the ground that mere delay, in and of itself, was of "manifest prejudice to defendant" and "amounts to such laches as to estop it from claiming damages and profits" (R 74a).

Plaintiff appealed from the denial of the said application (R 81a), and defendant appealed from the judgment declaring plaintiff to be the owner of the renewal copyrights in the litigated compositions (R 134a, 135a).

The Court of Appeals reversed and remanded for further proceedings upon plaintiff's appeal and affirmed on defendant's appeal (Appendix II 1, 2), saying "But the

record shows that the defendant consented to or joined in applications for these delays. Moreover, its affidavits show no specific prejudice; and the court's findings of 'manifest prejudice' are not supported by anything in the record. The record does show, however, commendable efforts on the part of both parties to litigate all their claims concerning ownership of Howard's songs in this proceeding. Amendments of the pleadings indicate that the claims were complex, which probably account to some degree for the delay * * *. Each case where laches is urged as a defense must be decided on its own facts. Under the circumstances here present it seems unfair to tax plaintiff, the rightful owner, rather than defendant, the infringing wrongdoer, with severe penalties for the delay in which they both participated" (Appendix I 9, 10).

ARGUMENT

A.

Mere Lapse Of Time Cannot Constitute Laches. There Must Be Inexcusable Delay, Upon Which The Adverse Party Has Relied And Thereby Been Induced To Change Its Position To Its Prejudice.

Gardner v. *Panama Railroad Co.*, 342 U. S. 29, 30, 31:

> "Where there has been no inexcusable delay in seeking a remedy and where no prejudice to the defendant has ensued from the mere passage of time, there should be no bar to relief. *The Key City*, 14 Wall. 653 (1872); *Southern Pacific Co.* v. *Bogert*, 250 U. S. 483 (1919); *Holmberg* v. *Armbrecht*, 327 U. S. 392 (1946); see *McGrath* v. *Panama R. Co.*, 298 F. 303, 304 (1924)."

Southern Pacific Co. v. *Bogert*, 250 U. S. 483, 488 (cited and followed in the *Gardner* case):

> "More than twenty-two years had thus elapsed since the wrong complained of was committed. But the essence of laches is not merely lapse of time."

Holmberg v. *Armbrecht*, 327 U. S. 392, 396 (cited and followed in the *Gardner* case):

> "Equity has acted on the principle that 'laches is not like limitation, a mere matter of time; but principally a question of the inequity of permitting the claim to be enforced—an inequity founded upon some change in the condition or relations of the property or the parties.' *Galliher* v. *Cadwell*, 145 U. S. 368, 373; see *Southern Pacific Co.* v. *Bogert*, 250 U. S. 483, 488-89."

Galliher v. *Cadwell*, 145 U. S. 368, 372 (cited and followed in the *Holmberg* case):

> "They proceed on the assumption that the party to whom laches is imputed has knowledge of his rights, and an ample opportunity to establish them in the proper forum; that by reason of his delay the adverse party has good reason to believe that the alleged rights are worthless, or have been abandoned; and that because of the change in condition or relations during this period of delay, it would be an injustice to the latter to permit him to now assert them."

Reconstruction Finance Corp. v. *Harrisons & Crosfield, Ltd.*, 204 F. 2d 366, 370 (Cir. 2), cer. den. 346 U. S. 854:

> "Judge Phillips admirably stated the rule in *Shell* v. *Strong*, 10 Cir., 151 F. 2d 909, 911: 'Lapse of time alone does not constitute laches. Delay will not bar relief where it has not worked injury, prejudice, or disadvantage to the defendant or others adversely interested.'"

Nortuna Shipping Company v. *Isbrandtsen Company*, 231 F. 2d 528, 531 (Cir. 2), cer. den. 351 U. S. 964:

> "Laches, however, may not be established by mere delay; some substantial prejudice must be shown."

Hoehn v. *Crews*, 144 F. 2d 665, 670, 671 (Cir. 10), affd. 324 U. S. 200:

> "Laches has been defined as being inexcusable delay in asserting a right; an unexcused delay in asserting rights during a period of time in which adverse rights have been acquired under circumstances that make it inequitable to displace such adverse rights for the benefit of those who are bound by the delay. It has been said that laches differs from limitations in that limitations are concerned with the fact of delay, while laches concerns itself with the effect of delay."

Craftint Mfg. Co. v. *Baker*, 94 F. 2d 369, 374 (Cir. 9):

> "When suit is brought within that time the burden is on the defendant to show that extraordinary circumstances justify the application of the doctrine of laches. *City of Roswell* v. *Mountain States Telephone & Tel. Co.*, 10 Cir., 78 F. 2d 379, 385; see *Gillons* v. *Shell Oil Co.*, 9 Cir., 86 F. 2d 600. There must be reliance on the delay resulting in a change of position by the party asserting laches. * * * Appellant, in its brief, points to no evidence in the record showing a change of position after notice of infringement by appellees that would justify this court in reversing the decree of the District Court and applying the doctrine of laches either as to the accounting or the injunctive relief."

B.

The Defendant Cannot Assert As Laches The Delay In Which It Has Participated.

In *Pendery* v. *Carleton*, 87 Fed. 41, 47 (Cir. 8), although the cause did not come to trial until approximately fourteen years after the institution of the action, the court said:

> "The litigation, since it was instituted, has progressed slowly, but we perceive no reason for holding

that the complainant is solely accountable for the delay."

In *St. Louis Car Co.* v. *J. G. Brill Co.*, 25 F. Supp. 244, 247, affd. on opinion below 99 F. 2d 999 (Cir. 3), although the cause was not brought to trial for nearly twenty years, the court said:

> "On the whole, if I were required to make a guess at the proportion in which the parties contributed to the delay, I would say that the plaintiff was responsible for about 50% of it, and the defendant for about 30%, while the remaining 20% cannot be charged to either. However it is not a question of mathematics. The fact is that the defendant is in a substantial measure responsible for the delay which it now charges as laches on the part of the plaintiff. It is true 'that the mere institution of a suit does not, of itself, relieve a person from the charge of laches, and that if he fail in the diligent prosecution of the action the consequences are the same as though no action had been begun'. *Johnson* v. *Standard Mining Company*, 148 U. S. 360, 370, 13 S. Ct. 585, 589, 37 L. Ed. 480. But it is equally true that laches, invited or participated in by the defendant, will not be available as a defense."

Northern Pac. Ry. Co. v. *Boyd*, 177 Fed. 804, 824 (Cir. 9), affd. 228 U. S. 482:

> "Where the party interposing a defense of laches has contributed to or caused the delay, he cannot take advantage of it. 5 Pomeroy's Eq. Jur. § 35."

Gaskins v. *Bonfits*, 79 F. 2d 352, 357 (Cir. 10):

> "One who contributes to delay cannot afterwards assert it as laches. *Spiller* v. *St. Louis & S. F. R. Co.* (C.C.A.), 14 F. (2d) 284, and cases there cited."

C.

The Decision Of The Court of Appeals Is In Full Accord With The Applicable Decisions Of The Said Court, Of Other Courts Of Appeals, And Of This Court.

The defendant has cited no case in which the Court sustained the defense of laches where the defendant participated in the delay. In each case cited by defendant the Court either refused to sustain the defense, or the evidence established that the defendant had relied upon the delay to its substantial prejudice.

In *Johnston* v. *Standard Mining Co.*, 148 U. S. 360, plaintiff had deliberately withheld investing money for the acquisition of an interest in and the development of mining property until he had made certain, at the other parties' expense, that it was productive.

In *Willard* v. *Wood*, 164 U. S. 502, this court refused relief because of the evidence adduced of substantial prejudice to defendants' rights, saying (pp. 525, 526) "The changes which the lapse of time had wrought in the value of the property and in the situation of the parties were such as to render it inequitable to decree the relief sought."

The determination in *Bankers' Trust Co.* v. *Virginia Railway & Power Co.*, 273 Fed. 999 (Cir. 4), is at complete variance with defendant's argument. The District Court had refused to entertain a petition to intervene on the ground of laches. The Circuit Court reversed the order of the District Court upon the ground that the alleged laches did not deprive the petitioner of such right. The Circuit Court cited and followed *Abraham* v. *Ordway*, 158 U. S. 416, in which this court said (pp. 420, 421) that relief would be denied by equity only when there is inexcusable delay upon which the adverse party has relied and thereby been induced to change its position to its prejudice.

In *D. O. Haynes & Co.* v. *Druggists' Circular*, 32 F. 2d 215 (Cir. 2), an interlocutory decree had been entered, directing an accounting before a master. The Court pointed out that, with "no excuse" being given, the plaintiff (appellee) had delayed for nine years in bringing on the first hearing "during which time no action of any kind was taken, although the master wrote appellee, asking it to proceed." As the Court said (pp. 217, 218): "Of course, delay in prosecuting a pending suit may be excused as in other cases of apparent laches. * * * At bar, no excuse is given for this long delay in proceeding with the hearing before the master."

In *Pollitzer* v. *Foster*, 59 F. 2d 901 (Cir. 6), the court recognized (pp. 902, 903) "We understand, of course, that a delay which will serve as an equitable estoppel must be of the character which justifies the belief that there is assurance of immunity from a claim of liability."

In *The Kermit*, 76 F. 2d 363 (Cir. 9), the court said (p. 367) that, in determining whether the defense of laches should be sustained, it must be considered "whether plaintiff acquiesced in the assertion or operation of the corresponding adverse claim, the character of the evidence by which plaintiff's right is sought to be established, whether during the delay the evidence of the matters in dispute has been lost or became obscured or the conditions have so changed as to render the enforcement of the right inequitable, whether third persons have acquired intervening rights."

In *Hicks* v. *Bekins Moving & Storage Co.*, 115 F. 2d 406 (Cir. 9), the action was dismissed by the Court on its own motion, pursuant to a rule of the court, no one appearing for plaintiff upon the call.

In *Brown* v. *County of Buena Vista*, 95 U. S. 157, an application to enjoin the enforcement of a judgment was denied, where seven years had elapsed since its rendition and in the interim two material witnesses had disappeared.

Reconstruction Finance Corp. v. *Harrisons & Crosfield, Ltd.*, 204 F. 2d 366 (See quotation under "Argument A *supra*).

In *Morales* v. *Moore-McCormack Lines, Inc.*, 208 F. 2d 218 (Cir. 5), the Court said (p. 220) that the "correct rule" was stated by this Court in *Gardner* v. *Panama R. R. Co.*, 342 U. S. 29, viz: "Where there has been no inexcusable delay in seeking a remedy and where no prejudice to the defendant has ensued from the mere passage of time, there should be no bar to relief."

In *McGrath* v. *Panama Railway Co.*, 298 F. 303 (Cir. 5), the court said that since in the case of a libel in personam the libelant can sue at common law as well as in admiralty, "It would be inconsistent to permit him (libelant) to sue in admiralty, with the same effect as at common law (as is true in the case of a libel in personam), after his right to sue at common law had become barred."

In *Redman* v. *United States*, 176 F. 2d 713 (Cir. 2), a libel case, the determination of the court was to the same effect as in the *McGrath* case, *supra*.

In *Shell* v. *Strong*, 151 F. 2d 909 (Cir. 10), the court said (p. 911) "Lapse of time alone does not constitute laches. Delay will not bar relief where it has not worked injury, prejudice, or disadvantage to the defendant or others adversely interested."

In *Hammond* v. *Hopkins*, 143 U. S. 224, the Court said (p. 250) that a court of equity will not aid a party "whose application is destitute of conscience, good faith and reasonable diligence", as "when the difficulty of doing entire justice arises through the death of the principal participants in the transaction complained of, or of the witness or witnesses, or by reason of the original transactions having become so obscured by time as to render the ascertainment of the exact facts impossible."

In *Westfal-Larson* v. *Allman-Hubble Tug Boat Co.*, 73 F. 2d 200 (Cir. 9), a libel case, the determination of

the court was to the same effect as in the McGrath case, supra.

Defendant herein, having counterclaimed for the identical relief in its favor (R. 147a-148a) as that sought by plaintiff (R. 18a), had for every intent and purpose the same status as plaintiff in the prosecution of the action.

Despite the fact that defendant jointly participated with plaintiff in the delay, that it was not prejudiced by the delay, and that the District Court found it had not acquired even the semblance of a right to the renewals, it nevertheless seeks to invoke such delay to reap the gains of its infringement over a substantial part of the respective renewal terms.

CONCLUSION

The petition should be denied.

Respectfully submitted,

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